Issues relating to trade margins

677. SHRI M. A. BABY: Will the PRIME MINISTER be pleased to refer to the answer to Starred Question 250 given in the Rajya Sabha on the 12th September, 1991 and state:

(a) what are the details of issues relating to trade margin which were looked into by the Bhatty Committee;

(b) what was the purpose of setting up this committee after the trade margins were increased by Government;

(c) whether it is a fact that neither the retailer nor the distributor made available any account to this committee;

(d) whether it is a fact that money of DPEA was misutilised by the former Development Commissioner to oblige Mr. BHATTY;

(e) whether Government have taken any steps to obtain legal opinion on the misutilisation of funds of DPEA;

(f) if so, the details thereof; and

(g) what action has been taken to investigate the matter and by when the guilty would be punished?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN): (a) and (b) The extent of trade margin for retailers and wholesalers has been a contentious issue since long. In DPCO 1970, trade margin had been drastically reduced and this was maintained in DPCO, 1979. In DPCO, 1987 higher level of trade margin has been provided. However, this has remained a contentious issue even then. It is in this background that the Bhatty Committee was constituted for undertaking a detailed and comprehensive study of the pattern of Trade Margin in the pharmaceutical industry and make its recommendations to the Government.

(c) No, Sir. Information from over 1200 retailers and wholesalers was collected.

(d) to (g) Keeping in view that the Drugs Price Equivalisation Account (DPEA) Fund is for the benefit of the drug industry and could be used for processing of matters (including incurring of expenditure) which relates to the drug industry as a whole, it was decided to make payment to the Bhatty Committee from DPEA Fund.

Names of eleven bulk drugs

678. SHRI M. A. BABY: Will the PRIME MINISTER be pleased to state:

(a) whether Government's attention has been drawn to the news item regarding BICP vetoing decision to increase prices of drugs which appeared in the Economic Times of 26th October, 1991;

(b) what are the names of Eleven Bulk drugs where Government's unilateral decision to increase the prices was vetoed and what were the prices proposed by Government and the prices which were fixed after veto;

(c) whether it is a fact that BICP recommended much higher prices of certain drugs including Sulphamoxole, Ibuprofen and Trimethoprim etc.;

(d) if so, what were the prices recommended for each of these drugs and those notified;

(e) whether it is a fact that BICP is recommending prices of bulk drugs without verifying actual imports, actual consumption and stock; and

(f) if so, the details of instances came to the notice of Government?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN): (a) Yes, Sir.

(b) The list of 11 bulk drugs with required details are given in the Rajya Sabha Starred Question No. 141 answered on 5.9.1991.

(c) to (f) BICP is an expert organisation of the Government in industrial costs and pricing. Their role is of an advisory nature and final decision on their recommendations is taken by the Government after due scrutiny.